

## Message Text

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PAGE 01 LIMA 02239 01 OF 02 191735Z

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ACTION IO-10

INFO OCT-01 ARA-06 AF-06 EA-06 EUR-12 NEA-09 ISO-00 IOE-00

OIC-02 AID-05 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 TRSE-00 DIWY-01 SSO-00 NSCE-00 INRE-00

USIE-00 DODE-00 PM-03 H-02 L-02 NSC-05 PA-01 PRS-01

SP-02 SS-15 /108 W

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O R 191620Z MAR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 4372

INFO USUN NEW YORK 509

USMISSION GENEVA

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AMEMBASSY VIENNA

LIMITED OFFICIAL USE SECTION 1 OF 2 LIMA 2239

FROM USDEL UNIDO II CONFERENCE

E.O. 11652: N/A

TAGS: UNIDO, OCON, AORG, EGEN

SUBJECT: UNIDO-II CONSIDERATION OF INSTITUTIONAL ARRANGEMENTS.

SUMMARY: INSTITUTIONAL ARRANGEMENTS BEING EXAMINED IN COMMITTEE II, ESSENTIALLY ON BASIS OF G-77 ALGIERS TEXTS, WHICH RECOMMEND TO 31ST GA THAT UNIDO BE TRANSFORMED INTO SPECIALIZED AGENCY AND THAT DURING INTERIM SERIES OF MEASURES BE IMPLEMENTED GIVING UNIDO NEAR DE FACTO SA STATUS. HOWEVER, SYG AND UNIDO EXECUTIVE DIRECTOR HAVE AGREED AT LIMA THAT IF UNIDO-II DECIDES IN FAVOR OF SA STATUS, THEY WOULD BE PREPARED WORK OUT (UNSPECIFIED) TRANSITIONAL

MEASURES, AND G-77 HAS IMPLIED THEY WOULD ACCEPT THIS IN LIEU OF SOME OF THEIR PROPOSED INTERIM INSTITUTIONAL CHANGES. GROUP B HAS AGREED INTERNALLY TO SEEMINGLY HARD-LINE INITIAL  
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PAGE 02 LIMA 02239 01 OF 02 191735Z

RESPONSE TO G-77 INSTITUTIONAL PROPOSALS, BUT DISCUSSIONS

PRIVATELY AND IN GROUP B CAUCUSES INDICATE THAT THE GROUP IS NEITHER UNIFIED NOR PREPARED TO FIGHT VIGOROUSLY ON EITHER SA STATUS OR INCREASED AUTONOMY. COMMITTEE DISCUSSION WILL CONTINUE FOR NEXT COUPLE DAYS WHEN ISSUES APT TO BE REFERRED TO DRAFTING OR CONTACT GROUP. ACTION REQUESTED: DEPT'S GUIDANCE AS APPROPRIATE. END SUMMARY

1. CONSIDERATION OF UNIDO INSTITUTIONAL ARRANGEMENTS ASSIGNED TO COMMITTEE II, STARTED WORK SATURDAY, MARCH 15, HAS HAD TWO MEETINGS AND IS SCHEDULED MEET THROUGH SATURDAY, MARCH 22. FOLLOWING BRIEF INTRODUCTION OF RESPECTIVE POSITIONS BY GROUP SPOKESMEN AND SUMMARIZING OF INDIVIDUAL POSITIONS BY SMALL NUMBER OF DELEGATIONS (CHIEFLY GROUP B), COMMITTEE COMMENCED PARA-BY-PARA EXAMINATION OF CHAPTER V (INSTITUTIONAL ARRANGEMENTS) OF ALGIERS G-77 PLAN OF ACTION (ID/CONF3/22); LATTER DOCUMENT ACCEPTED AS BASIS FOR COMMITTEE'S WORK, TOGETHER WITH SEVERAL OTHER RELEVANT DOCS --G-77 DID NOT DISPUTE GROUP B ASSERTION THAT ITS PAPER, ID/CONF3/23, CONTAINED MATERIAL RELEVANT TO COMMITTEE'S WORK AND SHOULD THEREFORE BE TAKEN INTO ACCOUNT; DOC HAD NOT BEEN INCLUDED AMONG THOSE INITIALLY SPECIFIED AS RELEVANT BY SECRETARIAT REPRESENTATIVE IN COMMITTEE (AZMIEE AFIFI, EGYPT, SENIOR ADVISER TO EXEC. DIR.).

2. MAJORITY OF GROUP B DELS HAVE INDICATED IN GROUP CAUCUSES AND SOME IN COMMITTEE THAT THEY PREPARED ACCEPT INCREASED LDC REPRESENTATION IN IDB AND PERIODIC GENERAL CONFERENCES WITH FUNCTIONS MORE OR LESS AS LDC HAVE PROPOSED. SEVERAL HAVE ALSO INDICATED IN CAUCUS OR PRIVATELY THEY PREPARED ACCEPT SEPARATE INDUSTRIAL DEVELOPMENT FUND ALONG LINES PROPOSED BY G-77 IN ID/CONF.3/22 AND WE SUSPECT A MAJORITY ACTUALLY SO DISPOSED. GROUP B MAJORITY ALSO APPEARS DISPOSED CONCEDE ESTABLISHMENT OF NEW IDB PROGRAMME AND BUDGET COMMITTEE (WHICH MIGHT REPLACE PERMANENT COMMITTEE TO SOME EXTENT AND WHICH WOULD HAVE GREATER ROLE IN PROGRAM/BUDGET PROCESS) AND GREATER AUTONOMY IN ALLOCATION OF RESOURCES AND IN PERSONNEL AND PUBLICATIONS.

3. GROUP B CONSIDERABLY MORE DIVIDED ON G-77 PROPOSED CHANGES IN PROCEDURES FOR ESTABLISHING UNIDO'S PROGRAM BUDGET WHICH WOULD HAVE EX DIRECTOR SUBMIT PROGRAM/BUDGET TO IDB FOR "EXAMINATION AND APPROVAL" AND THEN TRANSMIT PROGRAM/ LIMITED OFFICIAL USE

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PAGE 03 LIMA 02239 01 OF 02 191735Z

BUDGET TO SYG FOR SUBMISSION "WITH HIS COMMENTS" TO ORGANS OF GA IN ACCORDANCE WITH GA RES 2152. FRG, JAPAN AND UK APPEAR SHARE OUR ESSENTIAL POSITION OF OPPOSITION TO THESE PROPOSALS, WHILE AT OTHER END OF SPECTRUM NETHERLANDS AND SPAIN WOULD ACCEPT LDC PROPOSED LANGUAGE. FOR PRESENT WE HAVE GROUP B AGREEMENT, LESS SPAIN (NETHERLANDS FOR PRESENT TO REMAIN SILENT), TO LIMIT IDB AUTHORITY TO "EXAMINATION AND COMMENT"

ON PROGRAM/BUDGET PREPARED BY EXECUTIVE DIRECTOR (INSTEAD OF "EXAMINATION AND APPROVAL"). HOWEVER, GROUP B HAS RESISTED US DEL'S INSISTENCE ON MAKING EXPLICIT THAT EXECUTIVE DIRECTOR WOULD HAVE TO PREPARE PROGRAM/BUDGET ON BASIS OF GUIDELINES PROVIDED BY SYG; OTHER GROUP B DELS ARGUE THAT REQUIREMENTS OF SYG'S GUIDELINES ARE IMPLICIT AND CAN BE INTRODUCED INTO LEGISLATIVE RECORD. DEPT'S VIEWS ON THIS MATTER WILL BE USEFUL.

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PAGE 01 LIMA 02239 02 OF 02 191708Z

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TO SECSTATE WASHDC IMMEDIATE 4373

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LIMITED OFFICIAL USE SECTION 2 OF 2 LIMA 2239

VIENNA FOR UNIDO

FROM USDEL UNIDO II CONFERENCE

4. MAJORITY OF GROUP B DELS OPPOSED TO G-77 PROPOSAL TO GIVE UNIDO EXPRESS AUTHORITY TO ESTABLISH NEW INSTITUTIONAL MACHINERY FOR "ESTABLISHMENT OF A SYSTEM OF CONTINUING CONSULTATIONS AT GLOBAL, REGIONAL AND SECTORAL LEVELS: " TO MANDATE UNIDO AS A FORUM FOR NEGOTIATION OF INTER-GOVERNMENTAL AGREEMENTS IN THE INDUSTRIAL FIELD; AND TO ESTABLISH NEW COMMITTEES TO THIS END. FRANCE AND NETHERLANDS, ON OTHER HAND, HAVE NO

DIFFICULTY WITH G-77 PROPOSALS AND MOST OTHER B GROUP HELS ARE DISINCLINED TO BLEED UNDULY ON THESE QUESTIONS. FOR PRESENT, WE HAVE GROUP AGREEMENT TO PROPOSE AMENDMENTS TO G-77 LANGUAGE THAT WOULD HAVE EFFECT OF MAKING UNIDO'S ROLE IN "CONTINUING CONSULTATIONS" ONLY AN EXTENSION OF ITS PRESENT ACTIVITIES RATHER THAN A NEW FUNCTION AND TO RESTRICT ITS ROLE AS A FORUM FOR NEGOTIATIONS TO RESPONDING TO SPECIFIC REQUESTS FROM INTERESTED COUNTRIES. WE SHALL ALSO PROPOSE INSERTION LIMITED OFFICIAL USE

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PAGE 02 LIMA 02239 02 OF 02 191708Z

OF NEW PARA TO DEFINE THE OBJECTIVE OF PROPOSED CONSULTATIONS BASED ON PARA 56(B) OF GROUP B'S JANUARY PAPER (THEN CALLED B/4 AND NOW ID/CONF. 3/23), AND DELETION OF MANDATE FOR UNIDO TO ESTABLISH NEW IDB COMMITTEES FOR SUCH CONSULTATIONS.

5. A. G-77 HAS PROPOSED UNIDO-II RECOMMEND TO 31ST GA TO MAKE UNIDO AN SA AND HAS COMBINED THIS PROPOSAL WITH A NUMBER OF "INTERIM" MEASURES TO INCREASE UNIDO'S MEASURE OF INDEPENDENCE AND AUTHORITY.

B. IT HAS JUST BEEN ANNOUNCED THAT SYG AND UNIDO EXEC DIRECTOR HAVE AGREED AT LIMA TO WORK OUT BETWEEN THEMSELVES PROVISIONS FOR TRANSITIONAL INCREASED AUTONOMY, PROVIDED DECISION IS TAKEN AT UNIDO-II TO RECOMMEND UNIDO'S TRANSFORMATION INTO AN SA. G-77 HAVE IMPLIED THEY WOULD BE WILLING TO SET ASIDE THEIR PROPOSALS FOR INCREASED AUTONOMY (READ DE FACTO SA STATUS) DURING INTERIM PERIOD--IN OTHER WORDS LETTING SYG/EXEC DIR DEAL WITH THIS ISSUE IF CONFERENCE AGREES ON GOING THE SA ROUTE; THIS HAS CLEAR APPEAL FOR SOME GROUP B DELS.

C. GROUP B HAS AGREED TO TAKE INITIAL POSITION CONFINED TO RECOMMENDING THAT SYG COMMISSION EXPERT GROUP TO STUDY MOST SUITABLE INSTITUTIONAL ARRANGEMENTS FOR UNIDO, INCLUDING POSSIBLY SA STATUS, AND REPORT TO 31ST GA. PRESUMABLY, UNLESS AND UNTIL GROUP B CONCEDES ON MAKING UNIDO AN SA, G-77 WILL INSIST ON NEGOTIATING PARA-BY-PARA ITS PROPOSALS TO INCREASE SUBSTANTIALLY UNIDO'S AUTONOMY -- ISSUES ON WHICH GROUP B IS FAR FROM SOLID.

6. HOWEVER, GROUP B DELS BADLY DIVIDED ON QUESTION OF SPECIALIZED AGENCY STATUS. AUSTRIA, BELGIUM AND SWEDEN COULD SUPPORT SA STATUS NOW, PROVIDED SUCH STATUS DID NOT LEAD TO WEAKENING OF UNIDO, I.E. WOULD NOT LEAD TO WITHDRAWAL "OF MAJOR CONTRIBUTORS." FRG SUPPORTS SYG'S POSITION ON INCREASED ADMIN AUTONOMY AND SEPARATE BUDGET, MAINTAINING THAT DE FACTO SA STATUS WOULD BE WORST OF ALL WORLDS IN LAST THREE WEEKS, HOWEVER, FRG'S POSITION HAS SHIFTED TO PREPAREDNESS TO ACCEPT SA STATUS IF ALTERNATIVE WERE DE FACTO SA STATUS. PRINCIPAL OPPOSITION TO SA STATUS, IN ADDITION TO US, COMES FROM ITALIAN, JAPANESE, SWISS AND UK DELS, BUT THEY DO NOT APPEAR TO REGARD ISSUE AS CRITICAL. OTHER GROUP B

DELS STATES THEY OPPOSED IN PRINCIPLE, BUT CLEARLY NOT PREPARED  
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PAGE 03 LIMA 02239 02 OF 02 191708Z

WAGE MAJOR STRUGGLE; MOST, INCLUDING JAPAN, WOULD  
BE PREPARED TRADE SA STATUS FOR SOFTENED G-77 POSITION ON  
SUBSTANTIVE QUESTIONS. GROUP D, WHICH IS PREVIOUS YEARS HAS  
OPPOSED SA STATUS FOR UNIDO, SHOWS SIGNS OF ACCEPTING G-77  
POSITION.

7. RELATIVE SOFTNESS OF GROUP B ON INSTITUTIONAL ISSUES MAKES  
OUTCOME HIGHLY UNCERTAIN. WE MAY HAVE ABOUT TWO DAYS OF  
FURTHER DISCUSSION IN COMMITTEE II BEFORE TOPIC IS REFERRED  
TO DRAFTING OR CONTACT GROUP. WOULD WELCOME SUCH IMMEDIATE  
REACTION AS DEPT WISHES PROVIDE.  
DEAN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**TAGS:** OCON, AORG, EGEN, UNIDO  
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